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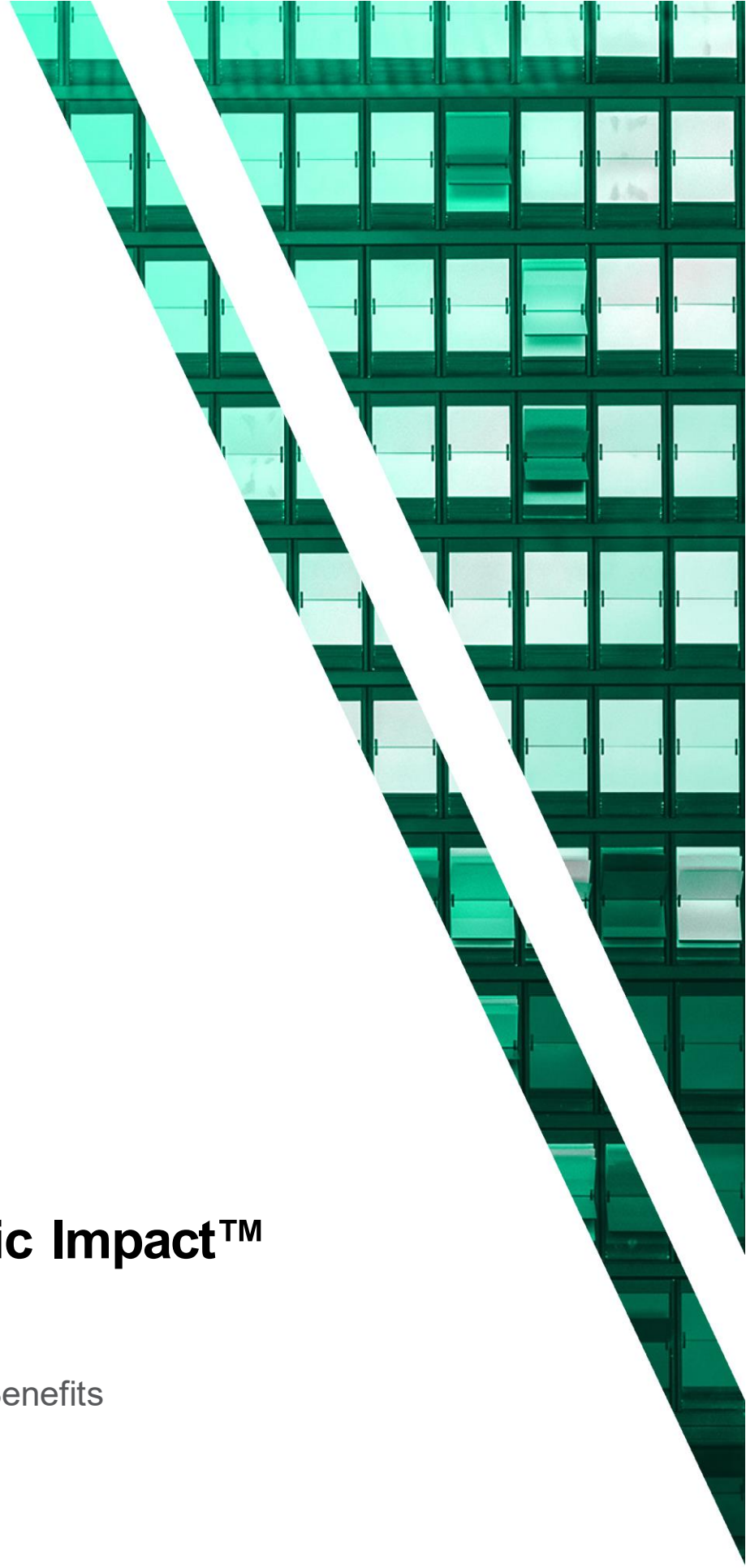

The Total Economic Impact™ Of Netlify

Cost Savings And Business Benefits Enabled By Netlify

JANUARY 2022

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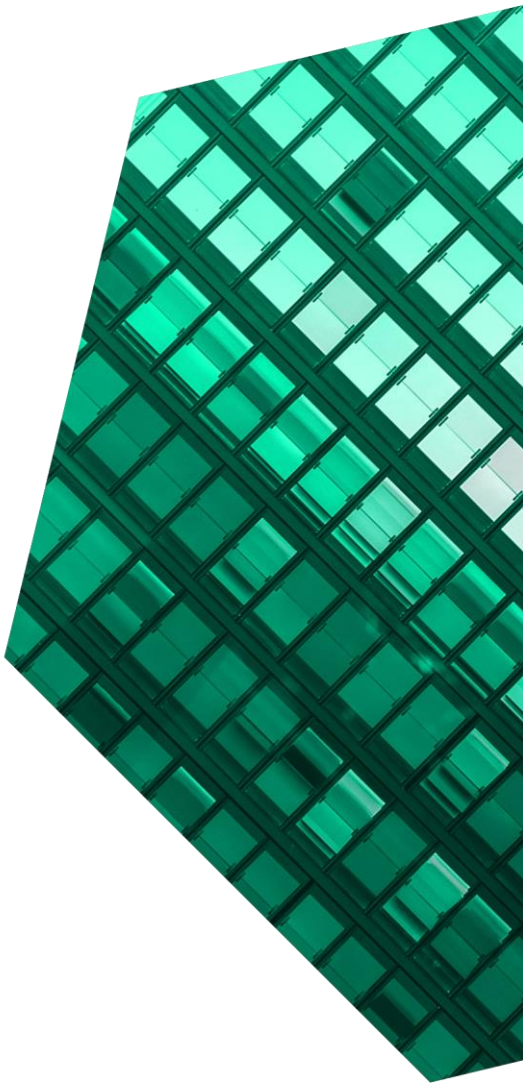


ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit forrester.com/consulting.

Executive Summary

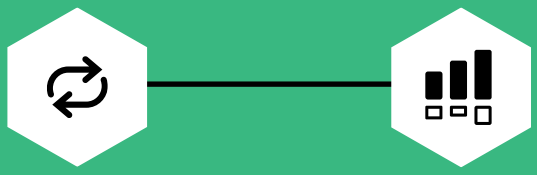
As organizations strive for shorter release cycles, more agile web development teams and processes, and lightning-fast page speeds, it can be difficult to balance the architectural constraint of high-performance web content with rapid release processes. Netlify provides a fast and easy way to build, deploy, and automate web projects that enables customers to accelerate time-to-market while delivering improved developer velocity, a great developer experience, and fast page-loading speeds.

The need for speed in both the web development process and a website's end-user experience is an increasingly important priority not only for senior developers and IT leaders but also for sales and marketing leaders. In 2020, more than 1,000 surveyed developer leaders globally cited speeding up release cycle time as one of their top three most important priorities.[1] For marketers, website speed commands value as a key contributing factor to a website's Google search rankings, directly impacting organic site visits and therefore revenue. In 2019 and 2020, Forrester fielded more client inquiries on search engine optimization (SEO) than paid search advertising.[2]

Serverless development (also known as function as a service [FaaS]) and edge computing are two related and emerging technologies with the potential to help application development and delivery (AD&D) leaders reach their goals of faster release cycles, blazing-fast web site performance, and optimized SEO. Serverless development and edge computing combined with modern web frameworks can be game changing for companies that aim to speed up their development without compromising website performance.

While infrastructure as a service (IaaS) and container as a service (CaaS) are popular approaches for modernizing monolithic applications, they require extensive developer time and effort. Serverless development, or prerendering sites, removes developers from underlying cloud infrastructure to minimize operational overhead, enabling them to both build features and run experiments more quickly and easily refine and refactor microservices.[3]

KEY STATISTICS



Return on investment (ROI)
151%

Net present value (NPV)
$1.48M

Combining serverless approaches with edge computing further improves web workload development and deployment by moving compute and storage closer to the customer. Forrester identified new edge computing infrastructure as a key technology trend that CIOs should watch in 2021.[4] Edge computing increases the flexibility of software deployment and reduces latency, creating faster page load times. It also makes it easier to blend static and dynamic web content to build better customer experiences.

Netlify is a cloud platform for web development teams to automate, build, deploy, and scale modern web projects. Netlify is the first infrastructure provider that natively implements Jamstack, a modern web architecture built on the concepts of serverless development and decoupling to bring content to the edge.

Netlify uses its Jamstack architecture to combine serverless and edge network functionality to benefit developer teams, helping customers realize workflow and developer efficiencies to better specialize on tasks, boost their site speed, and realize faster release cycle times. When deployed across an organization, Netlify can centralize and standardize web app building and deployment across projects and teams, creating a one-stop-shop workflow that enables faster iteration and deployment, a more efficient developer workflow, and increased website and app performance.

Netlify commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by adopting Netlify for their organization's web development and deployment.[5] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Netlify on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed two decision-makers at an organization with experience using Netlify to build and deploy most of its web sites and applications. Forrester used this experience to project a three-year financial analysis.

Prior to using Netlify, the interviewees used a legacy monolithic web content management system (CMS) that required specialized knowledge and IT support to manage and required weeks of effort to update and publish web content.

With the decision to implement Netlify, the interviewees chose to migrate to the Jamstack architecture, changing the way they build sites and applications from the ground up. The interviewees first deployed Netlify with their digital marketing team to serve blog pages but have continued to expand their use of Netlify across international teams and to additional site content and mobile development.

After the investment in Netlify, the organization's leaders achieved their primary goals of improving search engine rankings and page views and accelerating their time-to-market for web content. The digital marketing team also published more content on a regular basis with little additional effort, completing three to four times as much A/B split testing with less IT oversight and attracting talent from a wider pool of resources with a smaller financial expenditure.

From our traffic drivers, keyword volume and rankings, and appearance on the first page of Google search results to our vertical and our business, [Netlify has] been a really great success story across the board.

— Vice president, digital experiences

KEY FINDINGS

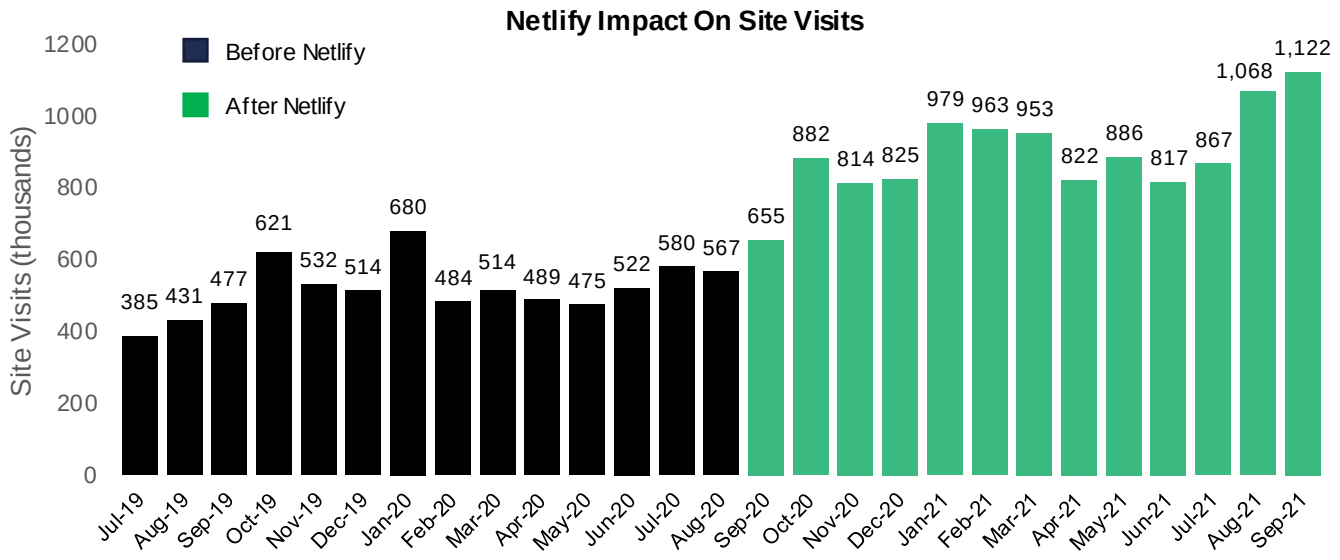
Quantified benefits. Netlify delivers a 151% ROI through the following risk-adjusted present value (PV) quantified benefits:

- **Increased launching velocity by more than 89%.** Before Netlify, it took the interviewees four to six weeks and cost $10,000 to $20,000 to launch a landing page. With Netlify, the organization can launch a page in two to three days, which costs less than $2,000 per page. Over three years, this shorter development cycle is worth more than $380,000.

Increased page launching velocity:

89%

- **Team efficiencies.** Netlify created team efficiencies for the organization, saving 800 developer hours and 625 IT hours per year. Netlify's Jamstack approach and supporting features enabled increased developer efficiency through more flexible front-end code and improved transparency among developers. With Netlify, developers designed the HTML portion of their sites and made pull requests part of their core process, improving transparency among the team. Furthermore, Netlify created efficiencies between the front-end digital content team and the IT department, reducing IT time spent on web development and split testing. Over three years with these developer and IT efficiencies, the organization realizes savings of about $85,000.
- **Contract labor savings of 53%.** When the organization moved from the legacy web content management software to Netlify, developer resourcing became easier and less expensive. Previously, the interviewees depended on one vendor for talent sourcing and paid a very high hourly wage to contracted developers because they needed specialized and experienced talent. After moving to Netlify, they could draw from a much larger talent pool at a lower hourly cost per employee. Over three years, the reduction in contract labor costs is worth just less than $1 million.
- **Incremental site visit profit.** Netlify increased site traffic by 10% through faster site speed and improved site performance. Improved site performance and speed increased the organization's search engine rankings, driving additional page views. This increase in page views impacted the organization's revenue by bringing additional customers to the site. Additionally, Netlify's technical efficiencies and speed of development allowed the organization to publish 50 times as much blog content, further increasing traffic to the main site. Over three years, the increased site traffic is worth almost $825,000.
- **Incremental profit from improved site conversion.** Netlify increased the organization's customer conversion rate with a higher volume of A/B testing. Netlify's faster page launch velocity and ease of use allowed the organization to conduct three to four times as much A/B split testing as they had previously, empowering the organization to optimize its site at a much faster rate. Additionally, Netlify's simplified deployment process allowed split testing to take place without IT intervention. Site optimization from the A/B testing increased the customer conversion rate, generating new revenue. Over three years, this increase in conversion is worth more than $180,000 of incremental profit.



Unquantified benefits. Benefits that are not quantified for this study include:

- **Improved site user experience.** Netlify enabled a decrease in overall site latency and improvements in application loading speed on both the desktop and the mobile versions of the site.
- **Architectural improvements to the website.** These improvements included new subdirectory and hierarchy folders in URL, breadcrumb navigation and schema markup, HREFlang/ international tagging, new category pages, keyword dense e-commerce pages, and finally product, company organization, review, and FAQ schema markup.
- **Direct access to industry expertise.** Netlify is a professional home to a number of industry experts and product founders all the way up to the CEO of Netlify who originated Jamstack. With this level of expertise, Netlify offers skilled support not just for its own product but also for the underlying architecture and approach. Because of their contract with Netlify, developers from the organization gained direct access to expertise on a platform the organization uses to validate and provide advice on its build approaches that would not have been possible without their Netlify relationship.
- **Easier talent acquisition.** In addition to direct cost savings through a lower hourly rate for developers working on Netlify versus the previous monolithic content management system, the organization sourced talent from a larger pool and found qualified developers more easily with Netlify.
- **Simpler compliance and security checks and faster onboarding.** As a SOC 2 Type 2-compliant vendor, Netlify enabled the organization to bypass the typical step of reviewing a 200-plus-page security questionnaire, saving the information security team significant time. In addition, the SOC 2 accreditation was a higher standard than the organization required for vendors, so it gained additional peace of mind from a security standpoint.
- **Improved web security.** Prerendered content has a reduced attack surface and static deployment is less vulnerable than continuously deployed content. Netlify's deployment approach reduces the risk of data breaches and downtime for the sites it deploys.

- **Savings from retiring legacy software for web hosting and deployment services.** Interviewees called the move to Netlify's solution "significantly less expensive" than their previous vendor but could not quantify the cost savings they realized from moving content to Netlify.

Cost Savings From Legacy Infrastructure

Cost savings from switching to Netlify may be significant for organizations moving web project development and hosting from legacy infrastructure.

When estimating these cost savings, take into consideration an organization's ability to retire existing software and the potential time frame of doing so.

Costs. Risk-adjusted PV costs include:

- **Netlify licensing.** The organization subscribes to an enterprise-level plan where it pays a base monthly price but can opt for additional developer seats as needed. A monthly licensing fee of $9,500 represents the organization's usage cost of Netlify. This cost includes benefits such as 24/7 engineering support, seven developer seats, and coverage of additional costs that the organization may accrue, such as bandwidth overage fees.
- **Implementation and management.** It took nine months for the interviewees' organization to decouple its architecture and move its first batch of pages to Netlify. Five full-time employees and three additional employees working about one-quarter the time undertook this implementation work. Two developers maintain Netlify, which includes weekly meetings with Netlify but a very small engineering lift.

Synopsis. After conducting the interview and financial analysis, Forrester found that a company based on the interviewees' organization realizes projected benefits of $2.47 million versus costs of $984,000 over three years, adding up to a net present value (NPV) of $1.48 million and an ROI of 151%.

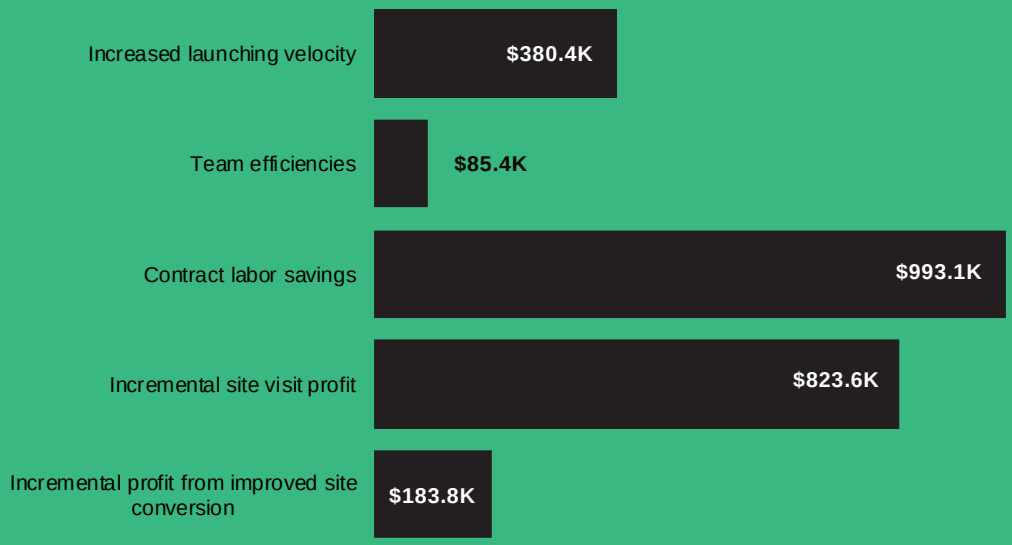
ROI
151%

BENEFITS PV
$2.47M

NPV
$1.48M

PAYBACK
9 months

Benefits (Three-Year)



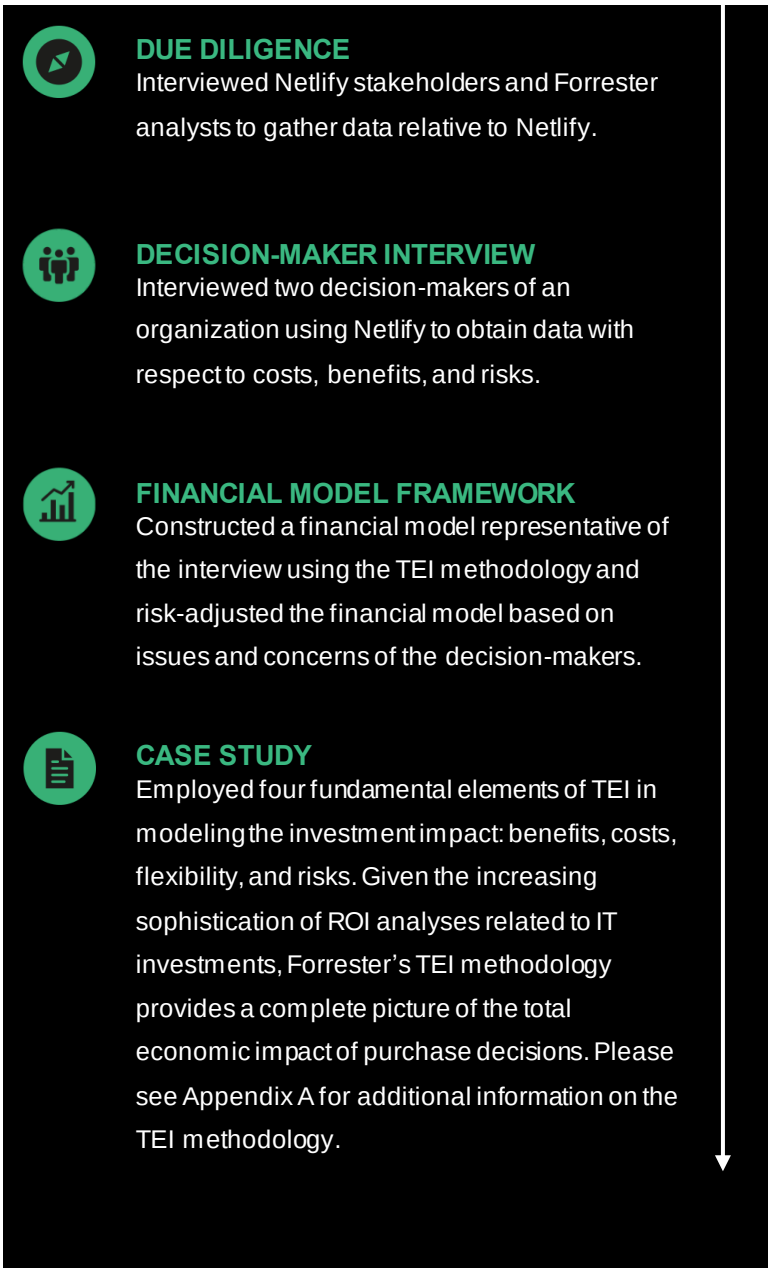
Netlify is a significant enabler of success.

— Vice president, digital experiences

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Netlify.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Netlify can have on an organization.



The Netlify Customer Journey

Drivers leading to the Netlify investment

INTERVIEWEES' ORGANIZATION

Forrester interviewed two decision-makers at an organization that provides support services for customers and includes a subscription model as well as one-time services. The organization has the following characteristics:

- About 2,400 employees, with about 800 in North America.
- Headquarters in the UK with operations across North America and EMEA.
- About $1.5 billion in total annual revenue, with North American annual revenues of $665 million, or 44% of total revenue.
- A majority subscription-based customer model with an average revenue of $108 per customer and an operating profit margin of 21%, for annual profits of $23 per customer.

"The speed of iteration was too slow for our liking. For the team, it was taking too long to get a simple page up because you had to go through this whole flow."
Senior frontend developer

KEY CHALLENGES

Prior to its investment in Netlify, the organization used a dynamic and monolithic CMS to deploy and host its web pages.

In this environment, the organization struggled with the following challenges:

- **Slow speed of iteration and deployment.** The organization's legacy CMS used a bureaucratic flow process for deployment that meant deploying simple pages took weeks. This slow speed of iteration made other actions like A/B split testing more challenging and delayed processes within the organization.
- **Low developer agility.** The legacy monolithic CMS provider required a high level of coordination between the front-end developer team and the organization's IT team. Developers had low visibility into each other's workstreams and had to spend time and effort molding their hosting environments or deployments to their workflow pattern.
- **Poor placement on search engine rankings.** The organization did not score well on Google's search rankings algorithm, largely due to site latency with the database-powered CMS it used for website deployment.
- **Expensive and hard-to-find expertise.** Building web projects with the previous solution required developer expertise that was difficult to hire and necessitated a higher hourly wage. One interviewee compared the developers to specialized surgeons, saying, "Not only do you need a surgeon, but there's probably five or six in the whole world who maybe have experience performing that surgery, so you pay a premium."

INVESTMENT OBJECTIVES

The interviewees shared several goals they set out to achieve with their organization's investment in Netlify. Their key objectives were to:

- Serve up static pages the fastest way possible.
- Improve search engine rankings, getting as close as possible to a site speed score of 100 out of 100.
- Publish 80 blog posts per month up from about two.

USE CASE DESCRIPTION

The interviewees' organization first deployed Netlify only to serve up its blog pages and used a reverse proxy to the main domain. Since the initial deployment, the interviewees' organization has expanded Netlify's reach so that everything on the organization's website before zip-in, the step when a site visitor enters a ZIP code to access location-specific content, is run on Netlify. Netlify is primarily utilized by US-based teams, but the organization has extended its use of the platform to serve international projects.

For this use case, Forrester has modeled benefits and costs over three years.

"Before, [web development] was handled by our back-end IT team, so there was a bit of a disconnect between the content folks on the front-end digital marketing and the traditional IT department."
Senior frontend developer

"I wanted an alternative way of serving content pages that was a paradigm shift that allowed very fast page loading times, close to 100 out of 100 on Google site speed."
Vice president, digital experiences

Analysis Of Benefits

Quantified benefit data

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Increased launching velocity	$93,600	$187,200	$187,200	$468,000	$380,448
Btr	Team efficiencies	$34,322	$34,322	$34,322	$102,966	$85,354
Ctr	Contract labor savings	$399,360	$399,360	$399,360	$1,198,080	$993,149
Dtr	Incremental site visit profit	$331,200	$331,200	$331,200	$993,600	$823,645
Etr	Incremental profit from improved site conversion	$73,899	$73,899	$73,899	$221,697	$183,776
	Total benefits (risk-adjusted)	$932,381	$1,025,981	$1,025,981	$2,984,343	$2,466,372

INCREASED LAUNCHING VELOCITY

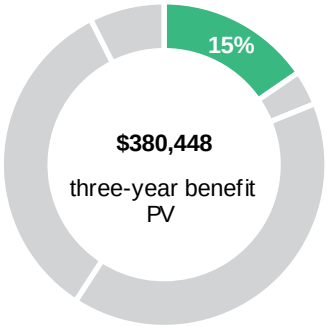
Evidence and data. Before Netlify, creating and launching a landing page involved a lengthy change management process with the legacy monolith CMS vendor that required a lot of rigor and extensive oversight regardless of whether the organization was launching a new feature or just a page with content updates. Netlify increased the organization's development velocity by a factor of 10 through a simplified, automated workflow and easy deployment. With Netlify, page launches required a very small engineering lift with less change management and managerial time.

- **Before Netlify.** It took the organization four to six weeks and $10,000 to $20,000 in labor and extraneous (e.g., network, infrastructure) costs to develop and launch a landing page before Netlify.
- **After Netlify.** Now, the organization can launch a page in two to three days for less than $2,000 per page. With the minimum time reduction of four weeks to three days, the organization's time to launch a landing page decreased by at least 89%.

Modeling and assumptions. This benefit was modeled over a three-year span that is based on the following information:

- With Netlify, the organization saves $13,000 per landing page launch.
- The organization launches eight landing pages during its first year with Netlify and 16 each in Years 2 and 3.

"We were able to increase our launching velocity significantly"
Vice president, digital experiences



Risks. The expected financial impact of increased page launch velocity is subject to risks and variations based on several factors, including:

- The launch frequency of static site pages.
- Actual cost incurred to launch site pages in the prior environment, including labor costs.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV (discounted at 10%) of $380,000.

Increased Launching Velocity					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Page launching cost before Netlify	Interview	$15,000	$15,000	$15,000
A2	Page launching cost with Netlify	Interview	$2,000	$2,000	$2,000
A3	Savings per launch	A1-A2	$13,000	$13,000	$13,000
A4	Launches per year	Interview	8	16	16
At	Increased launching velocity	A3*A4	$104,000	$208,000	$208,000
	Risk adjustment	↓10%			
Atr	Increased launching velocity (risk-adjusted)		$93,600	$187,200	$187,200
	Three-year total: $468,000		**Three-year present value: $380,448**		

TEAM EFFICIENCIES

Evidence and data. Netlify's Jamstack approach and supporting features enabled increased developer efficiency through more flexible front-end code, improved transparency among developers, and team efficiencies between the front-end digital content team and the IT department.

- With the previous monolithic CMS vendor, the HTML portion of sites was pre-generated, limiting the developers' capabilities because they could not modify their site's basic structure, only the CSS and JavaScript portions of the site's code. One interviewee likened this to "trying to balance on a tripod that only has two legs." With Netlify, the developers used all three legs on the tripod, writing and modifying their own HTML first and then optimizing the CSS and the JavaScript once the structure was complete.
- With Netlify, the organization's developer and IT teams became more agile than they were before. The organization's back-end IT team handled many of the legacy vendor's services, leading to friction between the front-end developers and the IT department. The decoupled nature of Netlify allowed the teams to work independently and in parallel, further optimizing project duration and allowing developers and IT team members to focus on their own work without unnecessary cross-department coordination.
- Netlify's continuous deployment feature and native integration with Git further removed the developers from manual work. Netlify built, configured, and deployed a site every time the organization pushed to Git. Netlify also enabled the team to make pull requests part of the core process with minimal effort. Pull request-based deployments led to increased transparency between the team and allowed tech leads to catch code that was problematic or not production-ready before it published. With Netlify, everyone involved had visibility into build statuses, which enabled them to address problems earlier. Development became less of a black box for team members and team leaders, increasing confidence around deployment.
- Netlify's simplified web deployment process allowed split-testing efforts to take place without IT intervention, freeing IT team members from processes that previously required their involvement.

Modeling and assumptions. Forrester modeled the impact of increased efficiency based on the following data and assumptions:

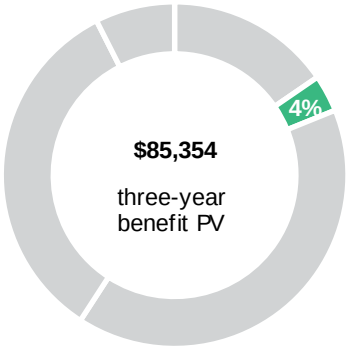
- The organization's six digital marketing developers achieve an 8% increase in efficiency as a result of the Netlify-enabled automation and transparency.
- Five members of the organization's IT team previously spent 10% of their time supporting web development and IT testing. With Netlify, this time decreases by 60%.
- The fully burdened hourly cost of a noncontract developer is $65, including salary, benefits, and cost of employment. The fully burdened hourly cost of an IT administrator is $39.
- Each full-time equivalent (FTE) recaptures 50% of their time in productivity value.

"[With Jamstack and Netlify], you have all the tools in your toolbox instead of two-thirds of them."
Vice president, digital experiences

Risks. The expected financial impact of improved developer efficiency is subject to risks and variation based on several factors, including:

- Efficiency improvements are estimated based on multiple small improvements made by employees and may vary from actual achieved efficiency gains per employee. Some efficiency savings may not be realized with Netlify, depending on how productive developers were before and what previous solutions were in place.
- Variation in the size of development and IT teams and hourly burdened costs of each employee.
- Varying portions of time savings may be recaptured for added value.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $85,000.



Team Efficiencies

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of developer FTEs	Interview	6	6	6
B2	Utilized time	Interview	80%	80%	80%
B3	Improvement in developer efficiency	Interview	8%	8%	8%
B4	Saved developer hours per year	B1*B2*B3*2,080	799	799	799
B5	Fully burdened developer hourly cost	$100K+burden/2,080	$65	$65	$65
B6	Number of IT FTEs involved	Interview	5	5	5
B7	IT time previously spent on web development and split testing	Interview	10%	10%	10%
B8	Improvement in IT efficiency of web development and split testing	Interview	60%	60%	60%
B9	Saved IT hours per year	B6*B7*B8*2,080	624	624	624
B10	Fully burdened IT employee hourly cost	$60K+burden/2,080	$39	$39	$39
B11	Percentage of time recaptured	Forrester	50%	50%	50%
Bt	Team efficiencies	(B4*B5+B9*B10)*B11	$38,136	$38,136	$38,136
	Risk adjustment	↓10%			
Btr	Team efficiencies (risk-adjusted)		$34,322	$34,322	$34,322
	Three-year total: $102,966			**Three-year present value: $85,354**	

CONTRACT LABOR SAVINGS

Evidence and data. When the interviewees' organization moved from the legacy web content management software to Netlify, developer resourcing became both easier and less expensive.

- Previously the organization depended on a single vendor for sourcing its contractor talent because it needed highly specialized contractors experienced with the legacy CMS tool.
- After moving to Netlify, the organization hired developers with a less specialized skill set to do the equivalent job at the organization. Therefore, it drew from a much larger talent pool at a lower cost per contracted developer.
- As one interviewee stated: "There's literally tens of thousands, if not hundreds of thousands, of developers across the entire planet that know HTML, CSS, and JavaScript. All developers need to know to use Jamstack and deploy to Netlify is the skill set of those hundreds of thousands — so it's like going from having to hire board-certified surgeons to being able to hire anybody who's fresh out of medical school."
- Contracted developers who were experts in the previous technology were hired at hourly rates of $150 to $300, while contracted developers able to work with Netlify are hired at hourly rates of $40 to $70.

Decreased labor cost savings:

$80 to $260 per hour

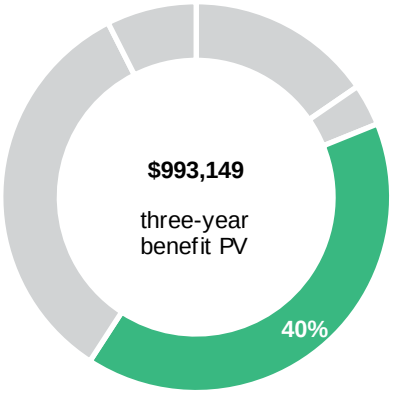
Modeling and assumptions. Forrester modeled the benefit of decreased contract labor costs based on the following assumptions:

- The organization typically hires four contracted employees for web development and deployment work annually.
- Contract labor cost savings are realized beginning in Year 1 of the investment in Netlify.
- The organization realizes a minimum of $80 per hour in direct contract labor savings, or a reduction of 53%. The conservative ends of the ranges are modeled as more representative of the average contracted worker.

Risks. The expected financial impact is subject to risks and variation based on several factors, including:

- The complexity of web development and size of the team or amount of labor spent on web development prior to Netlify and with Netlify.
- The compensation structures and amounts for employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of more than $990,000.



Contract Labor Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Developer team size (contractors)	Interview	4	4	4
C2	Specialized contractor hourly cost (developer)	Interview	$150	$150	$150
C3	General contractor hourly cost (developer)	Interview	$70	$70	$70
C4	Hourly cost savings	C2-C3	$80	$80	$80
C5	Yearly cost savings	C4*1560	$124,800	$124,800	$124,800
Ct	Contract labor savings	C1*C5	$499,200	$499,200	$499,200
	Risk adjustment	↓20%			
Ctr	Contract labor savings (risk-adjusted)		$399,360	$399,360	$399,360
	Three-year total: $1,198,080			**Three-year present value: $993,149**	

INCREMENTAL SITE VISIT PROFIT

Evidence and data. Netlify improved the organization's site performance and speed, increasing the website's search engine rankings and ultimately page views. This increase in page views and better site performance brought in new customers, resulting in additional revenue. Additionally, Netlify's technical efficiencies and speed of development allowed the organization to publish 50 times as much blog content on a regular basis, further increasing traffic to the main site.

- Post-migration, the organization's average page load scores on Google Lighthouse, an open-source tool for measuring the quality of web pages, improved by 35 points out of 100 for the desktop site and 63 points for the mobile site. As an interviewee said, "We're three times as fast on mobile and two times as fast on desktop."
- The domain's total number of ranked keywords improved by five times, increasing from just over 43,000 to more than 212,000 in 18 months.
- The organization attributed 80% of the increase in site speed to Netlify directly.

"Our site speed is much, much faster than it was, especially on mobile, and mobile is more important than anything."
Vice president, digital experiences

- The organization went from publishing an average of two blog posts per month before Netlify to posting 100-plus per month with Netlify, an increase of 4,900%.
- Netlify accounted for some of this growth, but so did a new digital asset management platform and the organization's strategic decision to execute a new content strategy with a larger new content team.

Increased site visits:
10%

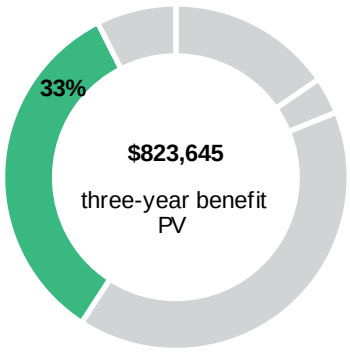
Modeling and assumptions. This benefit was modeled over a three-year span that is based on the following information:

- Site visit growth of 10% can be attributed directly to Netlify.
- The organization receives 9 million site visitors annually after the Netlify investment and has a site conversion rate of 2%.
- The average revenue per customer is $108, and the organization has an operating profit margin of 21%, resulting in $23 of profit per customer annually.
- Although the organization primarily operates with a subscription-based model and would therefore recognize additional revenue in Years 2 and 3, this calculation excludes retained new customers for applicability to industries without a subscription model.

Risks. The expected financial impact of additional revenue due to increased site visits is subject to risks and variation based on several factors, including:

- Incremental increase in SEO opportunity as a result of the Netlify investment.
- Actual conversion rate and average order value (AOV) or profit per customer.
- Revenue recognition policies and operating profit margin.
- Growth of content published after the investment in Netlify.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of $824,000.



Incremental Site Visit Profit

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Increase in site visits due to Netlify	Interview	10%	10%	10%
D2	Site visitors	Interview	9,000,000	9,000,000	9,000,000
D3	Conversion rate	Industry standard	2.0%	2.0%	2.0%
D4	Net new customers	D1*D3*D2	18,000	18,000	18,000
D5	Profit per customer	Interview	$23	$23	$23
Dt	Incremental site visit profit	D4*D5	$414,000	$414,000	$414,000
	Risk adjustment	↓20%			
Dtr	Incremental site visit profit (risk-adjusted)		$331,200	$331,200	$331,200
	Three-year total: $993,600			**Three-year present value: $823,645**	

INCREMENTAL PROFIT FROM IMPROVED SITE CONVERSION

Evidence and data. Netlify's faster page launch velocity and ease of use enabled the interviewees' organization to conduct three to four times more A/B split testing. This empowered the organization to optimize the site at a much faster rate. Along with much faster page deployment, Netlify made split testing more flexible, reduced the need for IT participation during the split testing process, and enabled the teams to conduct more testing in the same amount of time. Site optimization from the A/B testing increased the customer conversion rate, generating new revenue. Additionally, enhanced site loading speeds across the website contributed to a better user experience for all visitors, which positively affected the organization's conversion rate.

Modeling and assumptions. This benefit was modeled over a three-year span that is based on the following information:

- The organization receives 9 million site visitors annually after the investment in Netlify and has a site conversion rate of 2%.
- A 2.5% increase in conversion rate was reduced to 2.1% to account for other factors, giving Netlify an 80% attribution rate for the improvement.
- The average revenue per customer is $108, and the organization has an operating profit margin of 21%, resulting in $23 of profit per customer annually.
- Although the organization primarily operates with a subscription-based model and would therefore recognize additional revenue in Years 2 and 3, this calculation excludes retained new customers for applicability to industries without a subscription model.

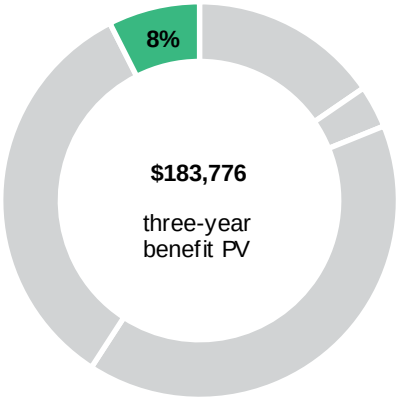
Risks. The expected financial impact of additional revenue derived from increased site visits is subject to risks and variation based on several factors, including the organization's:

- Volume of A/B testing conducted and site optimization before Netlify.
- Number of site visits per year.
- Conversion rate and AOV or average revenue per customer.
- Revenue structure and operating profit margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of $184,000.

Increase in conversion rate:

2.1%



Incremental Profit From Improved Site Conversion					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
E1	Site visitors	D2	9,000,000	9,000,000	9,000,000
E2	Conversion rate before Netlify	D3	2.0%	2.0%	2.0%
E3	Increase in conversion rate with Netlify	Interview	2.1%	2.1%	2.1%
E4	New customers due to increased conversion	E2*E3*E1	3,780	3,780	3,780
E5	Profit per customer	D5	$23	$23	$23
Et	Incremental profit from improved site conversion	E4*E5	$86,940	$86,940	$86,940
	Risk adjustment	↓15%			
Etr	Incremental profit from improved site conversion (risk-adjusted)		$73,899	$73,899	$73,899
	Three-year total: $221,697			**Three-year present value: $183,776**	

UNQUANTIFIED BENEFITS

Additional benefits that the customer experienced but was not able to quantify include:

- **Improved site user experience.** A decrease in overall site latency and improvements in application loading speed on both the desktop and the mobile versions of the site help the organization deliver a better visitor experience.
- **Architectural improvements to the website.** Netlify enabled the organization to add features to its site that improved site organization, analytics tracking, and visitor experience, including:
    - New subdirectory and hierarchy folders in URL.
    - Breadcrumb navigation as well as product, company organization, review, and FAQ schema markup.
    - HREFlang/international tagging.
    - New category pages and keyword-dense e-commerce pages.
- **Direct access to industry expertise.** Netlify is the professional home to a number of industry experts and product founders all the way up to the CEO of Netlify who originated Jamstack. As the first infrastructure provider native to Jamstack, Netlify offers highly sophisticated support and expertise for not just its own product but also the underlying architecture and approach. Because of their contract with Netlify, developers from the organization gained direct access to this expertise. One interviewee said: "We've been able to ask the foremost expert on a particular platform that we're using to validate our approach to building something, and we would have never been able to get on the phone or on a videoconference with a developer of that caliber without Netlify facilitating that introduction, that relationship."
- **Easier talent acquisition.** In addition to direct cost savings through a lower hourly rate for developers working on Netlify versus the previous monolithic CMS, the organization could source talent from a larger pool and find qualified developers more easily with Netlify.
- **Simpler compliance and security checks and faster onboarding.** As a SOC 2 Type 2-compliant vendor, Netlify enabled the organization to bypass the typical step of reviewing a 200-plus-page security questionnaire, saving the information security team significant time on compliance reviews. In addition, the SOC 2 accreditation was a higher standard than the organization required for vendors, so it gained additional peace of mind from a security standpoint.
- **Improved web security.** Prerendered content has a reduced attack surface, and static deployment is less vulnerable than continuously deployed content. Netlify's deployment approach reduces the risk of data breaches and downtime for the sites it deploys.
- **Savings from retiring legacy software for web hosting and deployment services.** Interviewees called the move to Netlify's solution "significantly less expensive" than their previous vendor but could not quantify the cost savings they realized from moving content to Netlify.

FLEXIBILITY

There are multiple scenarios in which a customer might implement Netlify and later realize additional uses and business opportunities, including:

- **New capabilities that can be realized without new vendor vetting.** Netlify has a host of capabilities that the organization had not leveraged but can now do so more easily, including:
    - General Data Protection Regulation-compliant analytics reporting, including number of unique visitors, top-pages-not-found reporting, and integration with Datadog.
    - Automatic SSL certificates.
    - Transactional single-page apps.
    - Collaborative deploy previews.
    - Automatic rollbacks and deploys.
    - Reverse proxying.

  One interviewee said: "Netlify took away potential drag on doing something new or blunted objections that might have been raised previously."

- **Reduced lock-in.** Netlify's tech-agnostic approach allows its customers to be flexible in the technologies, cloud providers, and frameworks they use. If one provider no longer meets a customer's needs, the customer can swap it out without changing the whole architecture. This helps keep organizations flexible and reduces future integration costs of new technologies.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

"Every time we've gone to Netlify and said, 'Do you guys also support this? Or do other customers use it for that? Or do you have a library or a plug-in that does this?' The answer has always been 'Yes!'"

— Vice president, digital experiences

Analysis Of Costs

Quantified cost data

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Netlify licensing	$0	$119,700	$119,700	$119,700	$359,100	$297,676
Gtr	Implementation and management	$569,931	$46,644	$46,644	$46,644	$709,863	$685,928
	Total costs (risk-adjusted)	$569,931	$166,344	$166,344	$166,344	$1,068,963	$983,604

NETLIFY LICENSING

Evidence and data. Netlify licenses its product on a subscription model, with varying pricing options that flex based on the level of support, team size, and bandwidth required or desired by customers. Additional features and/or developer seats may be included in base subscription costs or added for an additional fee.

Modeling and assumptions. The organization's subscription with Netlify is represented by a monthly licensing fee of $9,500, which includes 24/7 engineering support, seven developer seats, account management, select additional costs that the organization may occur (e.g., bandwidth overage fees), and more.

Risks. Actual licensing costs will vary per organization depending on a range of factors, including:

- Desired level of support and bandwidth.
- Number of developer seats and teams across the organization.

Results. To account for the risks, Forrester adjusted this cost upwards by 5%, yielding a three-year risk-adjusted total PV (discounted at 10%) of $298,000.

Netlify Licensing

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Annual licensing fee	Netlify		$114,000	$114,000	$114,000
Ft	Netlify licensing	F1	$0	$114,000	$114,000	$114,000
	Risk adjustment	↑5%				
Ftr	Netlify licensing (risk-adjusted)		$0	$119,700	$119,700	$119,700
	Three-year total: $359,100			**Three-year present value: $297,676**		

IMPLEMENTATION AND MANAGEMENT

Evidence and data. The majority of the organization's spending on its investment in Netlify was incurred in the implementation stage. It took nine months for the organization to decouple its architecture and move its first tranche of web pages to Netlify. The organization's developers met weekly with Netlify, but most of the developers' time was spent on optimization (improving build times) rather than required maintenance.

Modeling and assumptions. The organization begins its work with Netlify with the migration of its existing blog content to Netlify, which takes nine months. Five full-time developers and three additional employees working about one-quarter the time perform the implementation work. This cost is modeled based on the following information:

- During the implementation period of nine months, 85% of each developer's working time is spent directly on value-add work for the Netlify implementation.
- After the initial implementation period, two full-time developers each spend 15% of their time on ongoing maintenance and optimization of Netlify.
- The fully burdened cost of a noncontract developer is $65 per hour.

Risks. Actual labor costs will vary per organization depending on a range of factors, including:

- An organization's internal leadership structure and extent of Netlify deployment.
- An organization's scope of Netlify deployment and implementation complexity.
- Hourly burdened cost for each employee involved with implementation and ongoing maintenance and administration.
- The maturity and fragmentation of an organization's existing architecture.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year risk-adjusted total PV of $686,000.

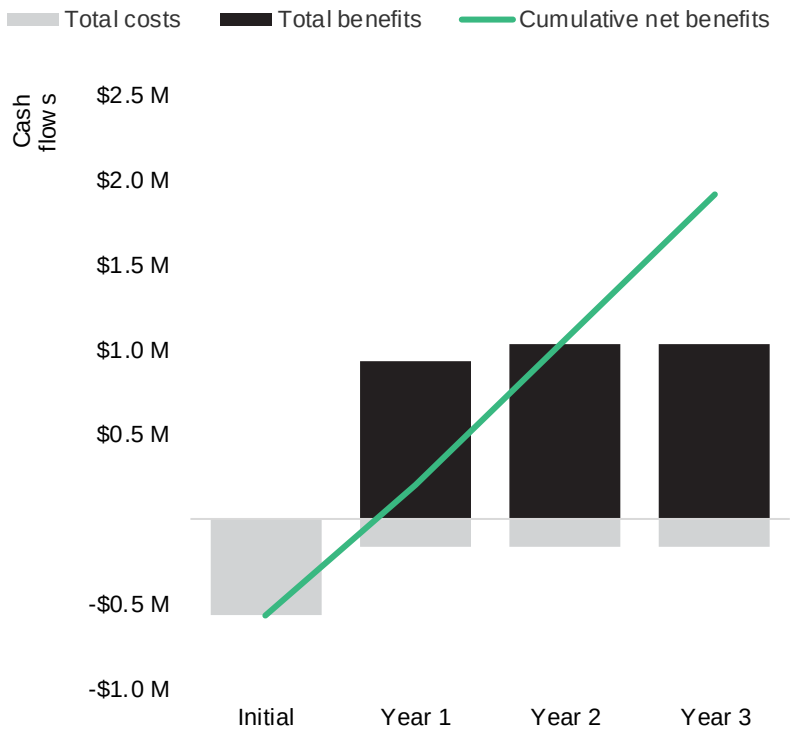
Implementation And Management

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Number of employees	Interview	5.75	2.00	2.00	2.00
G2	Time required (hours)	Interview	1,560	2,080	2,080	2,080
G3	Percentage of time spent on Netlify	Interview	85%	15%	15%	15%
G4	Fully burdened developer hourly salary	$100K+burden/2,080	$65	$65	$65	$65
Gt	Implementation and management	G1*G2*G3*G4	$495,593	$40,560	$40,560	$40,560
	Risk adjustment	↑15%				
Gtr	Implementation and management (risk-adjusted)		$569,931	$46,644	$46,644	$46,644
	Three-year total: $709,863			**Three-year present value: $685,928**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($569,931)	($166,344)	($166,344)	($166,344)	($1,068,963)	($983,604)
Total benefits	$0	$932,381	$1,025,981	$1,025,981	$2,984,343	$2,466,372
Net benefits	($569,931)	$766,037	$859,637	$859,637	$1,915,380	$1,482,768
ROI						**151%**
Payback (months)						**9**

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

[1] Source: Forrester Analytics Business Technographics® Developer Survey, 2020.

[2] Source: "Now Tech: Search Engine Optimization (SEO) Technologies, Q1 2020," Forrester Research, Inc., March 16, 2020.

[3] Source: "Now Tech: Serverless, Q1 2021," Forrester Research, Inc., March 16, 2021.

[4] Source: "Workload Affinity Becomes The Strategy For Edge Computing," Forrester Research, Inc., September 29th, 2021.

[5] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.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